

110TH CONGRESS
1ST SESSION

H. R. 3176

To amend title XXI of the Social Security Act to reauthorize and reform the State Children's Health Insurance Program (SCHIP).

IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2007

Mr. BARTON of Texas (for himself, Mr. DEAL of Georgia, Mr. HASTERT, Mr. BUYER, Mrs. BLACKBURN, Mr. TERRY, Mr. SHIMKUS, Mr. PITTS, Mr. STEARNS, Mr. BURGESS, Mr. HALL of Texas, Mr. PICKERING, and Mrs. MYRICK) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend title XXI of the Social Security Act to reauthorize and reform the State Children's Health Insurance Program (SCHIP).

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “SCHIP Reauthorization and Reform Act of 2007”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Requiring outreach and coverage before expansion of eligibility.

Sec. 3. Application of citizenship documentation requirements; increased Federal matching rate for citizenship documentation enforcement under Medicaid and SCHIP.

Sec. 4. Limitations on eligibility based on substantial net assets.

Sec. 5. Clarification of State authorities.

Sec. 6. Easing administrative barriers to State cooperation with employer-sponsored insurance coverage.

Sec. 7. Improving beneficiary choice in SCHIP.

Sec. 8. Allotment distribution formula.

Sec. 9. Five-year reauthorization.

Sec. 10. Enhancing the programmatic focus on children and pregnant women.

1 **SEC. 2. REQUIRING OUTREACH AND COVERAGE BEFORE**
 2 **EXPANSION OF ELIGIBILITY.**

3 (a) STATE PLAN REQUIRED TO SPECIFY HOW IT
 4 WILL ACHIEVE COVERAGE FOR 90 PERCENT OF TAR-
 5 GETED LOW-INCOME CHILDREN.—

6 (1) IN GENERAL.—Section 2102(a) of the So-
 7 cial Security Act (42 U.S.C. 1397bb(a)) is amend-
 8 ed—

9 (A) in paragraph (6), by striking “and” at
 10 the end;

11 (B) in paragraph (7), by striking the pe-
 12 riod at the end and inserting “; and”; and

13 (C) by adding at the end the following new
 14 paragraph:

15 “(8) how the eligibility and benefits provided
 16 for under the plan for each fiscal year (beginning
 17 with fiscal year 2009) will allow for the State’s an-
 18 nual funding allotment to cover at least 90 percent
 19 of the eligible targeted low-income children in the
 20 State.”.

1 (2) EFFECTIVE DATE.—The amendments made
2 by paragraph (1) shall apply to State child health
3 plans for fiscal years beginning with fiscal year
4 2009.

5 (b) LIMITATION ON PROGRAM EXPANSIONS UNTIL
6 LOWEST INCOME ELIGIBLE INDIVIDUALS ENROLLED.—
7 Section 2105(c) of such Act (42 U.S.C. 1397dd(c)) is
8 amended by adding at the end the following new para-
9 graph:

10 “(8) LIMITATION ON INCREASED COVERAGE OF
11 HIGHER INCOME CHILDREN.—For child health as-
12 sistance furnished in a fiscal year beginning with fis-
13 cal year 2008:

14 “(A) NO PAYMENT FOR CHILDREN WITH
15 FAMILY INCOME ABOVE 250 PERCENT OF POV-
16 ERTY LINE.—Payment shall not be made under
17 this section for child health assistance for a tar-
18 geted low-income child in a family the income
19 of which exceeds 250 percent of the poverty line
20 applicable to a family of the size involved.

21 “(B) SPECIAL RULES FOR PAYMENT FOR
22 CHILDREN WITH FAMILY INCOME ABOVE 200
23 PERCENT OF POVERTY LINE.—In the case of
24 child health assistance for a targeted low-in-
25 come child in a family the income of which ex-

ceeds 200 percent (but does not exceed 250 percent) of the poverty line applicable to a family of the size involved no payment shall be made under this section for such assistance unless the State demonstrates to the satisfaction of the Secretary that—

“(i) the State has met the 90 percent retrospective coverage test specified in subparagraph (C)(i) for the previous fiscal year; and

“(ii) the State will meet the 90 percent prospective coverage test specified in subparagraph (C)(ii) for the fiscal year.

“(C) 90 PERCENT COVERAGE TESTS.—

“(i) RETROSPECTIVE TEST.—The 90 percent retrospective coverage test specified in this clause is, for a State for a fiscal year, that on average during the fiscal year, the State has enrolled under this title or title XIX at least 90 percent of the individuals residing in the State who—

“(I) are children under 19 years of age (or are pregnant women) and are eligible for medical assistance under title XIX; or

1 “(II) are targeted low-income
2 children whose family income does not
3 exceed 200 percent of the poverty line
4 and who are eligible for child health
5 assistance under this title.

6 “(ii) PROSPECTIVE TEST.—The 90
7 percent prospective test specified in this
8 clause is, for a State for a fiscal year, that
9 on average during the fiscal year, the State
10 will enroll under this title or title XIX at
11 least 90 percent of the individuals residing
12 in the State who—

13 “(I) are children under 19 years
14 of age (or are pregnant women) and
15 are eligible for medical assistance
16 under title XIX; or

17 “(II) are targeted low-income
18 children whose family income does not
19 exceed such percent of the poverty
20 line (in excess of 200 percent) as the
21 State elects consistent with this para-
22 graph and who are eligible for child
23 health assistance under this title.

“(D) GRANDFATHER.—Subparagraphs (A) and (B) shall not apply to the provision of child health assistance—

“(i) to a targeted low-income child who is enrolled for child health assistance under this title as of September 30, 2007;

“(ii) to a pregnant woman who is enrolled for assistance under this title as of September 30, 2007, through the completion of the post-partum period following completion of her pregnancy; and

“(iii) for items and services furnished before October 1, 2008, to an individual who is not a targeted low-income child and who is enrolled for assistance under this title as of September 30, 2007.

“(E) TREATMENT OF PREGNANT WOMEN.—In this paragraph and sections 2102(a)(8) and 2104(a)(2), the term ‘targeted low-income child’ includes an individual under age 19, including the period from conception to birth, who is eligible for child health assistance under this title by virtue of the definition of the term ‘child’ under section 457.10 of title 42, Code of Federal Regulations.”.

1 (c) STANDARDIZATION OF INCOME DETERMINA-
2 TIONS.—

3 (1) IN GENERAL.—Section 2110(d) of such Act
4 (42 U.S.C. 1397jj) is amended by adding at the end
5 the following new subsection:

6 “(d) STANDARDIZATION OF INCOME DETERMINA-
7 TIONS.—

8 “(1) IN GENERAL.—In determining family in-
9 come under this title (including in the case of a
10 State child health plan that provides health benefits
11 coverage in the manner described in section
12 2101(a)(2)), a State shall base such determination
13 on gross income (including amounts that would be
14 included in gross income if they were not exempt
15 from income taxation) and may only take into con-
16 sideration such income disregards as the Secretary
17 shall develop and specify on a uniform national
18 basis.

19 “(2) CONSTRUCTION.—Nothing in paragraph
20 (1) shall be construed as preventing the Secretary
21 from approving, under section 1115 as applied to
22 this title under section 2107(e)(2)(A), a waiver that
23 provides for the application of alternative income
24 disregards on an experimental or demonstration
25 basis.”.

1 (2) EFFECTIVE DATE.—(A) Subject to subpara-
2 graph (B), the amendment made by paragraph (1)
3 shall apply to determinations (and redeterminations)
4 of income made on or after April 1, 2008.

5 (B) In the case of a State child health plan
6 under title XXI of the Social Security Act which the
7 Secretary of Health and Human Services determines
8 requires State legislation (other than legislation ap-
9 propriating funds) in order for the plan to meet the
10 additional requirement imposed by the amendment
11 made by paragraph (1), the State child health plan
12 shall not be regarded as failing to comply with the
13 requirements of such title solely on the basis of its
14 failure to meet this additional requirement before
15 the first day of the first calendar quarter beginning
16 after the close of the first regular session of the
17 State legislature that begins after the date of the en-
18 actment of this Act. For purposes of the previous
19 sentence, in the case of a State that has a 2-year
20 legislative session, each year of such session shall be
21 deemed to be a separate regular session of the State
22 legislature.

1 SEC. 3. APPLICATION OF CITIZENSHIP DOCUMENTATION
2 REQUIREMENTS; INCREASED FEDERAL
3 MATCHING RATE FOR CITIZENSHIP DOCU-
4 MENTATION ENFORCEMENT UNDER MED-
5 ICAID AND SCHIP.

6 (a) APPLICATION OF REQUIREMENTS.—

7 (1) IN GENERAL.—Section 2105(c) of the So-
8 cial Security Act (42 U.S.C. 1397dd(c)), as amended
9 by sections 2(b) and 3(c), is amended by adding at
10 the end the following new paragraph:

11 “(10) APPLICATION OF CITIZENSHIP DOCU-
12 MENTATION REQUIREMENTS.—

13 “(A) IN GENERAL.—Subject to subpara-
14 graph (B), no payment may be made under this
15 section to a State with respect to amounts ex-
16 pended for child health assistance for an indi-
17 vidual who declares under section
18 1137(d)(1)(A) to be a citizen or national of the
19 United States for purposes of establishing eligi-
20 bility for benefits under this title, unless the re-
21 quirement of section 1903(x) is met.

22 “(B) TREATMENT OF PREGNANT
23 WOMEN.—For purposes of applying subpara-
24 graph (A) in the case of a pregnant woman who
25 qualifies for child health assistance by virtue of
26 the application of section 457.10 of title 42,

1 Code of Federal Regulations, the requirement
2 of such section shall be deemed to be satisfied
3 by the presentation of documentation of per-
4 sonal identity described in section
5 274A(b)(1)(D) of the Immigration and Nation-
6 ality Act or any other documentation of per-
7 sonal identity of such other type as the Sec-
8 retary finds, by regulation, provides a reliable
9 means of identification.”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by paragraph (1) shall apply to eligibility determina-
12 tions and redeterminations made on or after April 1,
13 2008.

14 (b) TEMPORARY INCREASE IN FEDERAL MATCHING
15 RATE FOR ADMINISTRATIVE COSTS UNDER MEDICAID
16 AND SCHIP.—

17 (1) MEDICAID.—

18 (A) IN GENERAL.—With respect to admin-
19 istrative costs incurred on or after July 1,
20 2006, and before October 1, 2008, in imple-
21 menting the amendments made by section 6036
22 of the Deficit Reduction Act of 2005 (Public
23 Law 109–171), 75 percent shall be substituted
24 for 50 per centum in section 1903(a)(7) of the
25 Social Security Act (42 U.S.C. 1396b(a)(7)).

1 (B) RETROACTIVE ADJUSTMENT.—The
2 Secretary of Health and Human Services shall
3 take such steps as may be necessary to provide
4 for the adjustment of payments under section
5 1903(a) of the Social Security Act (42 U.S.C.
6 1396b(a)) to take into account the application
7 of subparagraph (A) for periods before the date
8 of the enactment of this Act.

9 (2) SCHIP.—With respect to administrative
10 costs incurred on or after April 1, 2008, and before
11 October 1, 2008 in implementing the amendment
12 made by subsection (a)(1), the enhanced FMAP ap-
13 plied under section 2105(a)(1)(D)(iv) of the Social
14 Security Act (42 U.S.C. 1397d(a)(1)(D)(iv)) shall
15 not be less than 75 percent.

16 **SEC. 4. LIMITATIONS ON ELIGIBILITY BASED ON SUBSTAN-**
17 **TIAL NET ASSETS.**

18 (a) IN GENERAL.—Section 2110(b) of the Social Se-
19 curity Act (42 U.S.C. 1397jj(b)) is amended—

20 (1) in paragraph (1), by striking “paragraph
21 (2)” and inserting “paragraphs (2) and (5)”; and

22 (2) by adding at the end the following new
23 paragraph:

24 “(5) DISQUALIFICATION FOR INDIVIDUALS IN
25 FAMILIES WITH SUBSTANTIAL NET ASSETS.—An in-

1 dividual in a family is not eligible for child health
2 assistance under this title if the individual's family
3 has net assets (including the equity interest in any
4 home) that exceeds \$500,000 or unless there is pro-
5 vided a document (in such a form and manner as
6 the Secretary shall specify) signed under penalty of
7 perjury by an applicant for child health assistance
8 on behalf of the individual that the net assets of the
9 individual's family (including the equity interest in
10 the any home) does not exceed \$500,000. The Sec-
11 retary may increase the dollar amount specified in
12 the previous sentence from year to year beginning
13 with 2013 based on the percentage increase in the
14 consumer price index for all urban consumers (all
15 items; United States city average), rounded to the
16 nearest \$1,000.”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 subsection (a) shall apply to eligibility determinations and
19 redeterminations made on or after April 1, 2008.

20 **SEC. 5. CLARIFICATION OF STATE AUTHORITIES.**

21 Section 2102 of the Social Security Act (42 U.S.C.
22 1397bb) is amended by adding at the end the following
23 new subsection:

24 “(d) CLARIFICATION OF STATE AUTHORITIES.—
25 Nothing in this title shall be construed as preventing a

1 State, under its child health plan, from doing any of the
2 following:

3 “(1) USE OF WAITING PERIODS TO PREVENT
4 CROWD OUT.—From using waiting periods and other
5 tools to prevent crowding out private-sector insur-
6 ance coverage.

7 “(2) USE OF PRIVATE PROVIDERS AND
8 PLANS.—From cooperating or contracting with pri-
9 vate sector providers and plans in order to provide
10 care to targeted low-income children.

11 “(3) USE OF STATE FUNDS FOR INELIGIBLE
12 INDIVIDUALS.—From providing medical benefits for
13 individuals who are not targeted low-income children
14 with State funds.”.

15 **SEC. 6. EASING ADMINISTRATIVE BARRIERS TO STATE CO-**
16 **OPERATION WITH EMPLOYER-SPONSORED**
17 **INSURANCE COVERAGE.**

18 (a) **REQUIRING SOME COVERAGE FOR EMPLOYER-**
19 **SPONSORED INSURANCE.—**

20 (1) **IN GENERAL.—**Section 2102(a) of the So-
21 cial Security Act (42 U.S.C. 1397b(a)), as amended
22 by section 2(a), is amended—

23 (A) in paragraph (7), by striking “and” at
24 the end;

1 (B) in paragraph (8), by striking the pe-
2 riod at the end and inserting “; and”; and

3 (C) by adding at the end the following new
4 paragraph:

5 “(9) effective for plan years beginning on or
6 after October 1, 2008, how the plan will provide for
7 child health assistance with respect to targeted low-
8 income children covered under a group health
9 plan.”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by paragraph (1) shall apply beginning with fiscal
12 year 2009.

13 (b) FEDERAL FINANCIAL PARTICIPATION FOR EM-
14 PLOYER-SPONSORED INSURANCE.—Section 2105 of such
15 Act (42 U.S.C. 1397d) is amended—

16 (1) in subsection (a)(1)(C), by inserting before
17 the semicolon at the end the following: “and, subject
18 to paragraph (3)(C), in the form of payment of the
19 premiums for coverage under a group health plan
20 that includes coverage of targeted low-income chil-
21 dren and benefits supplemental to such coverage”;
22 and

23 (2) paragraph (3) of subsection (c) is amended
24 to read as follows:

1 “(3) PURCHASE OF EMPLOYER-SPONSORED IN-
2 SURANCE.—

3 “(A) IN GENERAL.—Payment may be
4 made to a State under subsection (a)(1)(C),
5 subject to the provisions of this paragraph, for
6 the purchase of family coverage under a group
7 health plan that includes coverage of targeted
8 low-income children unless such coverage would
9 otherwise substitute for coverage that would be
10 provided to such children but for the purchase
11 of family coverage.

12 “(B) WAIVER OF CERTAIN PROVISIONS.—
13 With respect to coverage described in subpara-
14 graph (A)—

15 “(i) notwithstanding section 2102, no
16 minimum benefits requirement (other than
17 those otherwise applicable with respect to
18 services referred to in section 2102(a)(7))
19 under this title shall apply; and

20 “(ii) no limitation on beneficiary cost-
21 sharing otherwise applicable under this
22 title or title XIX shall apply.

23 “(C) REQUIRED PROVISION OF SUPPLE-
24 MENTAL BENEFITS.—If the coverage described
25 in subparagraph (A) does not provide coverage

1 for the services referred to in section
2 2102(a)(7), the State child health plan shall
3 provide coverage of such services as supple-
4 mental benefits.

5 “(D) LIMITATION ON FFP.—The amount
6 of the payment under paragraph (1)(C) for cov-
7 erage described in subparagraph (A) (and sup-
8 plemental benefits under subparagraph (C) for
9 individuals so covered) during a fiscal year may
10 not exceed the product of—

11 “(i) the national per capita expendi-
12 ture under this title (taking into account
13 both Federal and State expenditures) for
14 the previous fiscal year (as determined by
15 the Secretary using the best available
16 data);

17 “(ii) the enhanced FMAP for the
18 State and fiscal year involved; and

19 “(iii) the number of targeted low-in-
20 come children for whom such coverage is
21 provided.

22 “(E) VOLUNTARY ENROLLMENT.—A State
23 child health plan—

24 “(i) may not require a targeted low-
25 income child to enroll in coverage described

1 in subparagraph (A) in order to obtain
2 child health assistance under this title;

3 “(ii) before providing such child
4 health assistance for such coverage of a
5 child, shall make available (which may be
6 through an Internet website or other
7 means) to the parent or guardian of the
8 child information on the coverage available
9 under this title, including benefits and
10 cost-sharing; and

11 “(iii) shall provide at least one oppor-
12 tunity per fiscal year for beneficiaries to
13 switch coverage under this title from cov-
14 erage described in subparagraph (A) to the
15 coverage that is otherwise made available
16 under this title.

17 “(F) INFORMATION ON COVERAGE OP-
18 TIONS.—A State child health plan shall—

19 “(i) describe how the State will notify
20 potential beneficiaries of coverage de-
21 scribed in subparagraph (A);

22 “(ii) provide such notification in writ-
23 ing at least during the initial application
24 for enrollment under this title and during
25 redeterminations of eligibility if the indi-

1 vidual was enrolled before October 1, 2008;
2 and

3 “(iii) post a description of these cov-
4 erage options on any official website that
5 may be established by the State in connec-
6 tion with the plan.

7 “(G) SEMIANNUAL VERIFICATION OF COV-
8 ERAGE.—If coverage described in subparagraph
9 (A) is provided under a group health plan with
10 respect to a targeted low-income child, the
11 State child health plan shall provide for the col-
12 lection, at least once every six months, of proof
13 from the plan that the child is enrolled in such
14 coverage.

15 “(H) RULE OF CONSTRUCTION.—Nothing
16 in this section is to be construed to prohibit a
17 State from—

18 “(i) offering wrap around benefits in
19 order for a group health plan to meet any
20 State-established minimum benefit require-
21 ments;

22 “(ii) establishing a cost-effectiveness
23 test to qualify for coverage under such a
24 plan;

1 “(iii) establishing limits on beneficiary
2 cost-sharing under such a plan;

3 “(iv) paying all or part of a bene-
4 ficiary’s cost-sharing requirements under
5 such a plan;

6 “(v) paying less than the full cost of
7 the employee’s share of the premium under
8 such a plan, including prorating the cost of
9 the premium to pay for only what the
10 State determines is the portion of the pre-
11 mium that covers targeted low-income chil-
12 dren;

13 “(vi) using State funds to pay for
14 benefits above the Federal upper limit es-
15 tablished under subparagraph (C);

16 “(vii) allowing beneficiaries enrolled in
17 group health plans from changing plans to
18 another coverage option available under
19 this title at any time; or

20 “(viii) providing any guidance or in-
21 formation it deems appropriate in order to
22 help beneficiaries make an informed deci-
23 sion regarding the option to enroll in cov-
24 erage described in subparagraph (A).

1 “(I) GROUP HEALTH PLAN DEFINED.—In
 2 this paragraph, the term ‘group health plan’
 3 has the meaning given such term in section
 4 2791(a)(1) of the Public Health Service Act (42
 5 U.S.C. 300gg–91(a)(1)).”.

6 **SEC. 7. IMPROVING BENEFICIARY CHOICE IN SCHIP.**

7 (a) REQUIRING OFFERING OF ALTERNATIVE COV-
 8 ERAGE OPTIONS.—Section 2102 of the Social Security Act
 9 (42 U.S.C. 1397b), as amended by sections 2(a) and 6(a),
 10 is amended—

11 (1) in subsection (a)—

12 (A) in paragraph (8), by striking “and” at
 13 the end;

14 (B) in paragraph (9), by striking the pe-
 15 riod at the end and inserting “; and”; and

16 (C) by adding at the end the following new
 17 paragraph:

18 “(10) effective for plan years beginning on or
 19 after October 1, 2008, how the plan will provide for
 20 child health assistance with respect to targeted low-
 21 income children through alternative coverage options
 22 in accordance with subsection (d).”; and

23 (2) by adding at the end the following new sub-
 24 section:

25 “(d) ALTERNATIVE COVERAGE OPTIONS.—

1 “(1) IN GENERAL.—Effective October 1, 2008,
2 a State child health plan shall provide for the offer-
3 ing of any qualified alternative coverage that a
4 qualified entity seeks to offer to targeted low-income
5 children through the plan in the State.

6 “(2) APPLICATION OF UNIFORM FINANCIAL
7 LIMITATION FOR ALL ALTERNATIVE COVERAGE OP-
8 TIONS.—With respect to all qualified alternative cov-
9 erage offered in a State, the State child health plan
10 shall establish a uniform dollar limitation on the per
11 capita monthly amount that will be paid by the
12 State to the qualified entity with respect to such
13 coverage provided to a targeted low-income child.
14 Such limitation may not be less than 90 percent of
15 the per capita monthly payment made for coverage
16 offered under the State child health plan that is not
17 in the form of an alternative coverage option. Noth-
18 ing in this paragraph shall be construed—

19 “(A) as requiring a State to provide for
20 the full payment of premiums for qualified al-
21 ternative coverage;

22 “(B) as preventing a State from charging
23 additional premiums to cover the difference be-
24 tween the cost of qualified alternative coverage
25 and the amount of such payment limitation;

1 “(C) as preventing a State from using its
2 own funds to provide a dollar limitation that ex-
3 ceeds the Federal financial participation as lim-
4 ited under section 2105(c)(8).

5 “(3) QUALIFIED ALTERNATIVE COVERAGE DE-
6 FINED.—In this section, the term ‘qualified alter-
7 native coverage’ means health insurance coverage
8 that—

9 “(A) meets the coverage requirements of
10 section 2103 (other than cost-sharing require-
11 ments of such section); and

12 “(B) is offered by a qualified insurer, and
13 not directly by the State.

14 “(4) QUALIFIED INSURER DEFINED.—In this
15 section, the term ‘qualified insurer’ means, with re-
16 spect to a State, an entity that is licensed to offer
17 health insurance coverage in the State.”.

18 (b) FEDERAL FINANCIAL PARTICIPATION FOR
19 QUALIFIED ALTERNATIVE COVERAGE.—Section 2105 of
20 such Act (42 U.S.C. 1397d) is amended—

21 (1) in subsection (a)(1)(C), as amended by sec-
22 tion 6(b), by inserting before the semicolon at the
23 end the following: “and, subject to paragraph
24 (8)(C), in the form of payment of the premiums for
25 coverage for qualified alternative coverage”; and

(2) by adding at the end of subsection (c) the following new paragraph:

“(8) PURCHASE OF QUALIFIED ALTERNATIVE COVERAGE.—

“(A) IN GENERAL.—Payment may be made to a State under subsection (a)(1)(C), subject to the provisions of this paragraph, for the purchase of qualified alternative coverage.

“(B) WAIVER OF CERTAIN PROVISIONS.—With respect to coverage described in subparagraph (A), no limitation on beneficiary cost-sharing otherwise applicable under this title or title XIX shall apply.

“(C) LIMITATION ON FFP.—The amount of the payment under paragraph (1)(C) for coverage described in subparagraph (A) during a fiscal year in the aggregate for all such coverage in the State may not exceed the product of—

“(i) the national per capita expenditure under this title (taking into account both Federal and State expenditures) for the previous fiscal year (as determined by the Secretary using the best available data);

1 “(ii) the enhanced FMAP for the
2 State and fiscal year involved; and

3 “(iii) the number of targeted low-in-
4 come children for whom such coverage is
5 provided.

6 “(D) VOLUNTARY ENROLLMENT.—A State
7 child health plan—

8 “(i) may not require a targeted low-
9 income child to enroll in coverage described
10 in subparagraph (A) in order to obtain
11 child health assistance under this title;

12 “(ii) before providing such child
13 health assistance for such coverage of a
14 child, shall make available (which may be
15 through an Internet website or other
16 means) to the parent or guardian of the
17 child information on the coverage available
18 under this title, including benefits and
19 cost-sharing; and

20 “(iii) shall provide at least one oppor-
21 tunity per fiscal year for beneficiaries to
22 switch coverage under this title from cov-
23 erage described in subparagraph (A) to the
24 coverage that is otherwise made available
25 under this title.

1 “(E) INFORMATION ON COVERAGE OP-
2 TIONS.—A State child health plan shall—

3 “(i) describe how the State will notify
4 potential beneficiaries of coverage de-
5 scribed in subparagraph (A);

6 “(ii) provide such notification in writ-
7 ing at least during the initial application
8 for enrollment under this title and during
9 redeterminations of eligibility if the indi-
10 vidual was enrolled before October 1, 2008;
11 and

12 “(iii) post a description of these cov-
13 erage options on any official website that
14 may be established by the State in connec-
15 tion with the plan.

16 “(F) RULE OF CONSTRUCTION.—Nothing
17 in this section is to be construed to prohibit a
18 State from—

19 “(i) establishing limits on beneficiary
20 cost-sharing under such alternative cov-
21 erage;

22 “(ii) paying all or part of a bene-
23 ficiary’s cost-sharing requirements under
24 such coverage;

1 “(iii) paying less than the full cost of
 2 a child’s share of the premium under such
 3 coverage, insofar as the premium for such
 4 coverage exceeds the limitation established
 5 by the State under subparagraph (C);

6 “(iv) using State funds to pay for
 7 benefits above the Federal upper limit es-
 8 tablished under subparagraph (C); or

9 “(v) providing any guidance or infor-
 10 mation it deems appropriate in order to
 11 help beneficiaries make an informed deci-
 12 sion regarding the option to enroll in cov-
 13 erage described in subparagraph (A).”.

14 **SEC. 8. ALLOTMENT DISTRIBUTION FORMULA.**

15 (a) ALLOTMENTS TO 50 STATES AND THE DISTRICT
 16 OF COLUMBIA.—

17 (1) IN GENERAL.—Section 2104(b) of the So-
 18 cial Security Act (42 U.S.C. 1397dd(b)) is amend-
 19 ed—

20 (A) in paragraph (1), by striking “the
 21 same proportion” and all that follows and in-
 22 serting “the product of the number of SCHIP
 23 targeted children, as determined under para-
 24 graph (2) for the second preceding fiscal year,
 25 the State and Federal per capita SCHIP ex-

penditures for the second preceding fiscal year, as determined under such paragraph, and the enhanced FMAP for the State for the second preceding fiscal year.”;

(B) by amending paragraph (2) to read as follows:

“(2) NUMBER OF SCHIP TARGETED CHILDREN AND PREGNANT WOMEN AND NATIONAL PER CAPITA SCHIP EXPENDITURES.—

“(A) IN GENERAL.—By not later than September 30 of each year (beginning with 2007), the Secretary (in consultation with the Director of the Bureau of the Census and using the best available data for the fiscal year ending in the previous year) shall determine and publish in the Federal Register—

“(i) the average number of low-income targeted children (described in subparagraph (B)) for any month during such preceding fiscal year; and

“(ii) the combined State and Federal per capita SCHIP expenditures (described in subparagraph (C)) for such preceding fiscal year.

1 “(B) LOW-INCOME SCHIP TARGETED CHILD-
 2 DREN.—Low-income targeted children described
 3 in this subparagraph with respect to a sub-
 4 section (b) State are children (including preg-
 5 nant women described in section 2105(c)(8)(E))
 6 residing in the State who are not covered under
 7 a group health plan or health insurance cov-
 8 erage (as defined for purposes of section
 9 2110(b)(1)(C)) and whose family income—

10 “(i) exceeds the lesser of—

11 “(I) the Medicaid applicable in-
 12 come level (as defined in section
 13 2110(b)(4)); or

14 “(II) 150 percent of the poverty
 15 line; but

16 “(ii) does not 200 percent of the pov-
 17 erty line.

18 “(C) STATE AND FEDERAL PER CAPITA
 19 SCHIP EXPENDITURES.—The State and Federal
 20 per capita SCHIP expenditures for a fiscal year
 21 is equal to—

22 “(i) the aggregate Federal and State
 23 expenditures made that are attributable to
 24 allotments under this title for subsection
 25 (b) States for the fiscal year; divided by

“(ii) the average total number of targeted low-income children (including pregnant women described in section 2105(c)(8)(E)) for whom health assistance was made available from such allotments for such fiscal year.”; and

(C) by striking paragraphs (3) and (4) and inserting the following:

“(3) SUBSECTION (B) STATE DEFINED.—In this subsection, the term ‘subsection (b) State’ means one of the 50 States or the District of Columbia.

“(4) PROPORTIONAL REDUCTION IF TOTAL ALLOTMENTS EXCEED AMOUNT AVAILABLE.—If the Secretary estimates that the total of the allotments under this subsection for a fiscal year (in combination with allotments made under subsection (c)) will exceed the aggregate amount available for allotments for such fiscal year under subsection (a), the Secretary shall reduce the amount of each allotment under this subsection in a pro-rata manner so that such total does not exceed the aggregate amount available for allotments.”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to allotments for fiscal years beginning with fiscal year 2008.

1 (b) NO REDISTRIBUTION OF UNUSED ALLOT-
2 MENTS.—

3 (1) IN GENERAL.—Section 2104(f) of such Act
4 (42 U.S.C. 1397dd) is amended to read as follows:

5 “(f) NO REDISTRIBUTION OF UNUSED ALLOT-
6 MENTS.—There shall be no redistribution of allotments
7 from States that are not expended within the period of
8 availability under subsection (e).”.

9 (2) EFFECTIVE DATE.—The amendment made
10 by paragraph (1) shall apply to allotments for fiscal
11 years beginning with fiscal year 2005.

12 **SEC. 9. FIVE-YEAR REAUTHORIZATION.**

13 Section 2104(a) of the Social Security Act (42 U.S.C.
14 1397dd(a)) is amended—

15 (1) by striking “and” at the end of paragraph
16 (9);

17 (2) by striking the period at the end of para-
18 graph (10) and inserting a semicolon; and

19 (3) by adding at the end the following new
20 paragraphs:

21 “(11) for fiscal year 2008, \$7,000,000,000;

22 “(12) for fiscal year 2009, \$7,000,000,000;

23 “(13) for fiscal year 2010, \$7,000,000,000;

24 “(14) for fiscal year 2011, \$7,500,000,000; and

25 “(15) for fiscal year 2012, \$8,000,000,000.”.

1 **SEC. 10. ENHANCING THE PROGRAMMATIC FOCUS ON**
2 **CHILDREN AND PREGNANT WOMEN.**

3 (a) IN GENERAL.—Section 2107(f) of the Social Se-
4 curity Act (42 U.S.C. 1397gg(f)) is amended by striking
5 “childless”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 subsection (a) shall take effect on the date of the enact-
8 ment of this Act but shall not apply to projects, including
9 extensions, amendments, or renewals to such projects, that
10 are in effect or have been approved on the date of the
11 enactment of this Act.

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